

## NOTICE OF PROPOSED INCREASE IN WATER RATES

Dear Customer:

Glendale Water & Power (GWP) is proposing a water rates increase for its water utility. This notice explains the proposed water rates increase which will be recommended to the Glendale City Council at the date, time, and location specified below.

### NOTICE OF PUBLIC HEARING

A public hearing for the proposed water rates increase will be held on Tuesday, July 22, 2014 at 6:00 p.m. at the City of Glendale Council Chambers, 613 E. Broadway, 2nd Floor.

### WHY IS THERE A NEED FOR NEW WATER RATES AND RATES INCREASE?

In April 2012, the City adopted a new water rate structure and a rate increase (2012 Rates). In early 2013, the City noticed that the new tiered residential and multi-family rates were not generating the forecasted revenue. City staff's investigation and research discovered the reason for the revenue shortfall to be a miscalculation by Willdan Financial Services (Willdan), the City's consultant who assisted the City with the City's 2012 Rates. The error occurred with Willdan's mistaken use of the bimonthly residential and multi-family customer usage data as monthly usage. The erroneous assumption resulted in the residential and multi-family tiered rates, being lower than they should have been. Due to this error, the single family and multi-family residential customers have been billed at and have subsequently been paying a rate that is far less than what was intended. As a result, these customers have been under paying since the adoption of the current rate schedule in 2012, which has resulted in an overall revenue shortage in the Water operation. On average, between April 2012 and April 2014: single family customers under paid an estimated \$5.37 a month, and multi-family customers under paid an estimated \$44.36 a month.

The City's investigation also uncovered other problems such as Willdan's miscalculation of the fire line charges by using a methodology that consisted of including cost components beyond those components necessary to maintain private fire protection capacity and the necessary maintenance of the fire lines, for fire lines of 4 inches and greater in size. Willdan had revised all fire line rates for sizes except fire lines of 2 inches and 3 inches in size.

The City, in order to address and correct the mistakes made by Willdan, has retained a new consultant, Bartle Wells Associates (Bartle Wells), who has recalculated the water rates in their entirety. The new proposed water rates are included at the end of this notice.

The proposed rates and charges are calculated based on the cost to provide service to Glendale water users. Required revenue is based on projected expenses for operations, maintenance, and required repairs and/or replacement. The fixed monthly service charge recovers fixed costs of providing water services, which are allocated based on number of accounts and the size of a customer's water meter. The volume charge recovers costs of providing water service, including the cost of ground water production, direct and indirect costs of purchased water from MWD, and costs associated with the delivery of water which are allocated based on the demand (amount of base & peak usage) that each customer class places on the water delivery system. The proposed water rates also contain a drought charge which will be effective immediately upon the declaration by the City Council of either phase II, III, IV or V of the City's mandatory water conservation ordinance. The purpose of the drought charge is to achieve a targeted reduction in water consumption, as well as to recover revenue shortfalls resulting from the mandated curtailment in water usage during each of the implemented mandatory water conservation phases, in order to maintain the operation of the City's water system reliably. Information on the drought and water conservation can be found at [www.glendalewaterandpower.com](http://www.glendalewaterandpower.com)

The basis for the proposed water rates increase is to correct the mistakes made by Willdan in the 2012 water rates and establish water rates sufficient for the water utility to continue providing quality service to its customers. The water rates increase will cover the current costs essential to the operation and maintenance of the utility such as wells, main pipes, motors/pumps, reservoirs, main connections and storage tanks. These costs are allocated between customers based on the customers' usage and burdens placed on the water system by the different classes of customers.

### WATER ADJUSTMENT CHARGES:

The Water Adjustment Charges (WAC) will be revised to include only adjustment for changes in the cost of purchased water and energy required to pump water and will continue to be applied every 6 months. The cost of water quality treatment adjustment will be removed from the WAC.

For the complete analysis of the basis and cost allocation, the Cost of Service Analysis (COSA) for the proposed water rates increase can be accessed and viewed on-line at [www.glendalewaterandpower.com](http://www.glendalewaterandpower.com); the hardcopy COSA is available at the Office of the City Clerk, 613 E. Broadway St., Suite 110, Glendale, CA 91206 and at the GWP Administration, 141 N. Glendale Ave. 4th Floor, Glendale, CA 91206.

### WHAT GWP HAS DONE TO CONTROL COSTS

Over the past several years, the City, inclusive of GWP, has engaged in practice to effectuate cost-savings. GWP has downsized its staff, eliminating positions including those of top management. The Water and Electric Divisions were consolidated to report to a single manager. Many of GWP support sections were consolidated to reduce overhead costs and improve efficiency. GWP management has also streamlined many processes of reporting, spending and approving spending requisitions including procurement and expenditures by multiple employees to a centralized method. GWP consolidated its operations, when possible, to eliminate redundancy; such as warehouse, fleet management, security, and facilities maintenance. GWP Staff

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works hard to continue providing water services to our community in a safe, reliable and cost effective manner. Staff strives to provide exceptional customer service while making efforts to reduce expenses when possible. GWP is a public agency and does not operate on a for-profit basis. The rate increase proposed by staff supports operations, maintenance and necessary capital improvements to ensure a safe and reliable water system for our community. The proposed water rates increase is necessary to maintain the operation of the water utility without further jeopardizing the level of service to Glendale residents.

HOW DOES THIS AFFECT MY WATER BILL?

As an example, the average monthly consumption for single-family residential customers in Glendale is approximately 19 hcf, with a 3/4” meter, at the current cost of \$72.12. The proposed water rate increase will result in a monthly increase of \$7.71 for a single-family residence that uses 19 hcf. A single-family customer that consumes 19 hcf would be charged as follows:

Monthly Bill	Current Jan 1, 2014	Projected			
		Jan 1, 2015	Jan 1, 2016	Jan 1, 2017	Jan 1, 2018
Single Family Residential - 3/4" meter, 19 hcf	\$72.12	\$79.83	\$82.84	\$85.84	\$90.10
\$ Increase		\$7.71	\$3.01	\$3.00	\$4.26

HOW TO FIND OUT MORE DETAILS

You can get more detailed information by contacting the GWP Customer Services Department at (818) 548-3300. In addition, four Community Meetings have been scheduled to discuss the water rate increase with customers. For more information on these Community Meetings please check our website [www.GlendaleWaterAndPower.com](http://www.GlendaleWaterAndPower.com).

- **Wednesday, June 4, 2014, 6:00 – 7:30 p.m.** – Sparr Heights Community Center, 1613 Glencoe Way, Glendale, CA 91208
- **Thursday, June 5, 2014, 6:00 – 7:30 p.m.** – Police Community Room, 131 N. Isabel Street, Glendale, CA 91206
- **Wednesday, June 18, 2014, 6:00 – 7:30 p.m.** – Pacific Edison Community Room, 501 S. Pacific Avenue, Glendale, CA 91204
- **Thursday, June 19, 2014, 6:00 – 7:30 p.m.** – Boy Scouts of America, 1325 Grandview Avenue, Glendale, CA 91201

HOW TO PROTEST THE PROPOSED CHANGES

Glendale City Council will consider the proposed water rates increase along with the revised Ordinance Relating To Water Rates, at a public hearing on Tuesday, July 22, 2014, at 6:00 p.m. at the City of Glendale Council Chambers, 613 E. Broadway, 2nd Floor.

Under Proposition 218, if you are the owner of record, or a tenant, of a parcel(s) subject to the proposed rates, you may submit a written protest against the proposed water rates increase. If written protests are filed by a majority of the affected property owners, the proposed water rates increase will not be imposed.

A written protest must contain a description of the parcel or parcels in which the party signing the protest has an interest sufficient to identify the parcel(s) including Assessor's Parcel Number (APN). If the party signing the protest is not shown on the last equalized assessment roll of Los Angeles County as the owners of the parcel(s), the protest must contain, or be accompanied by, written evidence that such party is the owner, or tenant, of the parcel(s).

Written protests regarding the proposed new water rates increase may be mailed to: City of Glendale, City Clerk, 613 E. Broadway Ave. RM 110, Glendale, CA 91206-4393. Written protests may also be personally delivered to the City Clerk at this address. To be valid, a protest must be in writing and received by the City Clerk at or before the time of the protest hearing.

PROPOSED WATER RATES

MONTHLY WATER CUSTOMER CHARGES					
Meter Size	Current Jan 1, 2014	Projected			
		2014/15	2015/16	2016/17	2017/18
5/8"	\$21.18	\$20.80	\$21.40	\$22.26	\$23.15
3/4"	\$24.83	\$26.39	\$27.15	\$28.25	\$29.37
1.0"	\$32.15	\$34.78	\$35.78	\$37.22	\$38.71
1.5"	\$50.43	\$57.15	\$58.79	\$61.16	\$63.60
2.0"	\$72.38	\$68.33	\$70.29	\$73.13	\$76.05
3.0"	\$123.58	\$236.09	\$242.85	\$252.65	\$262.77
4.0"	\$196.72	\$459.77	\$472.93	\$492.01	\$511.73
6.0"	\$379.59	\$851.21	\$875.57	\$910.89	\$947.41
8.0"	\$599.02	\$1,969.61	\$2,025.97	\$2,107.69	\$2,192.21
10.0"	\$855.03	\$3,088.01	\$3,176.37	\$3,304.49	\$3,437.01
12.0"	-	\$3,088.01	\$3,176.37	\$3,304.49	\$3,437.01

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DAILY WATER CUSTOMER CHARGES (MONTHLY CHARGE/30 DAYS)					
Meter Size	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
5/8"	\$0.71	\$0.69	\$0.71	\$0.74	\$0.77
3/4"	\$0.83	\$0.88	\$0.91	\$0.94	\$0.98
1.0"	\$1.07	\$1.16	\$1.19	\$1.24	\$1.29
1.5"	\$1.68	\$1.91	\$1.96	\$2.04	\$2.12
2.0"	\$2.41	\$2.28	\$2.34	\$2.44	\$2.54
3.0"	\$4.12	\$7.87	\$8.10	\$8.42	\$8.76
4.0"	\$6.56	\$15.33	\$15.76	\$16.40	\$17.06
6.0"	\$12.65	\$28.37	\$29.19	\$30.36	\$31.58
8.0"	\$19.97	\$65.65	\$67.53	\$70.26	\$73.07
10.0"	\$28.50	\$102.93	\$105.88	\$110.15	\$114.57
12.0"	-	\$102.93	\$105.88	\$110.15	\$114.57

MONTHLY VARIABLE CHARGES - DOES NOT INCLUDE WATER ADJUSTMENT CHARGES							
SINGLE FAMILY RESIDENTIAL							
	Current	Proposed	Current	Projected			
	Monthly Tiers	Monthly Tiers	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
Tier 1	0 - 6.26 hcf	0 - 6 hcf	\$1.72	\$2.31	\$2.39	\$2.49	\$2.61
Tier 2	6.27 - 12.52 hcf	6.1 - 12 hcf	\$2.18	\$2.84	\$2.96	\$3.06	\$3.23
Tier 3	12.53 - 31.03 hcf	12.1 - 25 hcf	\$3.18	\$3.22	\$3.37	\$3.47	\$3.67
Tier 4	31.04 - 40.28 hcf	Over 25 hcf	\$3.54	\$3.90	\$4.11	\$4.21	\$4.46
Tier 5	Over 40.28 hcf		\$4.13	-	-	-	-

MULTI- FAMILY RESIDENTIAL							
	Current	Proposed	Current (1)	Projected			
	Monthly Tiers	Monthly Tiers	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
Tier 1	0 - 5.10 hcf	0 - 5 hcf	\$1.81	\$2.42	\$2.50	\$2.61	\$2.73
Tier 2	5.11 - 10.20 hcf	Over 5 hcf	\$3.03	\$3.56	\$3.69	\$3.85	\$4.01
Tier 3	Over 10.20 hcf		\$3.60	-	-	-	-

COMMERCIAL					
	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
All Consumption per hcf	\$2.87	\$2.86	\$2.95	\$3.08	\$3.23

IRRIGATION					
	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
All Consumption per hcf	\$3.08	\$2.95	\$3.05	\$3.20	\$3.35

1 - The tier breakpoints for multi-family customers are prorated based on the number of dwelling units for each account.

### PROPOSED RECYCLED WATER RATES

MONTHLY RECYCLED WATER CUSTOMER CHARGE					
Meter Size	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
5/8"	\$15.89	\$17.68	\$18.19	\$18.92	\$19.68
3/4"	\$18.62	\$22.43	\$23.08	\$24.01	\$24.96
1.0"	\$24.11	\$29.56	\$30.41	\$31.64	\$32.90
1.5"	\$37.82	\$48.58	\$49.97	\$51.99	\$54.06
2.0"	\$54.29	\$58.08	\$59.75	\$62.16	\$64.64
3.0"	\$92.69	\$200.68	\$206.42	\$214.75	\$223.35
4.0"	\$147.54	\$390.80	\$401.99	\$418.21	\$434.97
6.0"	\$284.69	\$723.53	\$744.23	\$774.26	\$805.30
8.0"	\$449.27	\$1,674.17	\$1,722.07	\$1,791.54	\$1,863.38
10.0"	\$641.27	\$2,624.81	\$2,699.91	\$2,808.82	\$2,921.46
12.0"	-	\$2,624.81	\$2,699.91	\$2,808.82	\$2,921.46

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DAILY RECYCLED WATER CUSTOMER CHARGE (MONTHLY CHARGE/30 DAYS)					
Meter Size	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
5/8"	\$0.53	\$0.59	\$0.61	\$0.63	\$0.66
3/4"	\$0.62	\$0.75	\$0.77	\$0.80	\$0.83
1.0"	\$0.80	\$0.99	\$1.01	\$1.05	\$1.10
1.5"	\$1.26	\$1.62	\$1.67	\$1.73	\$1.80
2.0"	\$1.81	\$1.94	\$1.99	\$2.07	\$2.15
3.0"	\$3.09	\$6.69	\$6.88	\$7.16	\$7.45
4.0"	\$4.92	\$13.03	\$13.40	\$13.94	\$14.50
6.0"	\$9.49	\$24.12	\$24.81	\$25.81	\$26.84
8.0"	\$14.98	\$55.81	\$57.40	\$59.72	\$62.11
10.0"	\$21.38	\$87.49	\$90.00	\$93.63	\$97.38
12.0"	-	\$87.49	\$90.00	\$93.63	\$97.38

MONTHLY RECYCLED WATER VARIABLE CHARGES					
COMMERCIAL RECYCLED WATER RATE					
	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
Water Variable Charge	\$2.1500	\$2.43	\$2.51	\$2.62	\$2.75

IRRIGATION RECYCLED WATER RATE					
	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
Water Variable Charge	\$2.3100	\$2.51	\$2.59	\$2.72	\$2.85

1 - Beginning in 2014/15, the recycled water customer charge and variable rates will be based on a 15% discount from the potable rates.

### PROPOSED FIRE LINE RATES

MONTHLY PRIVATE FIRE LINE CUSTOMER CHARGE					
Fire Line Service Size	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
1" (2)	-	\$8.10	\$8.34	\$8.68	\$9.02
1-1/2" (2)	-	\$8.96	\$9.23	\$9.61	\$9.99
2.0"	\$13.4725	\$10.44	\$10.78	\$11.22	\$11.67
3.0"	\$28.1415	\$15.74	\$16.32	\$17.00	\$17.68
4.0"	\$202.37	\$24.89	\$25.88	\$26.97	\$28.05
6.0"	\$395.98	\$57.74	\$60.19	\$62.73	\$65.28
8.0"	\$633.96	\$114.39	\$119.36	\$124.42	\$129.49
10.0"	\$917.86	\$199.61	\$208.36	\$217.21	\$226.07
12.0" (2)	-	\$317.72	\$331.72	\$345.82	\$359.92

DAILY PRIVATE FIRE LINE WATER CUSTOMER CHARGE (MONTHLY CHARGE/30 DAYS)					
Fire Line Service Size	Current	Projected			
	Jan 1, 2014	2014/15	2015/16	2016/17	2017/18
1" (2)	-	\$0.27	\$0.28	\$0.29	\$0.30
1-1/2" (2)	-	\$0.30	\$0.31	\$0.32	\$0.33
2.0"	\$0.45	\$0.35	\$0.36	\$0.37	\$0.39
3.0"	\$0.94	\$0.52	\$0.54	\$0.57	\$0.59
4.0"	\$6.75	\$0.83	\$0.86	\$0.90	\$0.94
6.0"	\$13.20	\$1.92	\$2.01	\$2.09	\$2.18
8.0"	\$21.13	\$3.81	\$3.98	\$4.15	\$4.32
10.0"	\$30.60	\$6.65	\$6.95	\$7.24	\$7.54
12.0" (2)	-	\$10.59	\$11.06	\$11.53	\$12.00

MONTHLY PRIVATE FIRE VARIABLE CHARGES						
Current Tiers	Current	Proposed Tiers (3)	Projected (3)			
	Jan 1, 2014		2014/15	2015/16	2016/17	2017/18
0 - 10 hcf	\$0.9204	All Use	\$2.86	\$2.95	\$3.08	\$3.23
Over 10 hcf	\$2.0709					

- 1 - Private fire line rates for 4" service and larger were suspended in January 2014.
- 2 - Currently has no rate
- 3 - Beginning in 2014/15, the variable charge for private fire lines will be equal to the potable commercial rate.

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